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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 001046

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SUBJECT: DPP PRESIDENTIAL CANDIDATE FRANK HSIEH ON DOMESTIC
POLITICS, CROSS-STRAIT ISSUES, AND U.S.-TAIWAN RELATIONS

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: DPP presidential candidate Frank Hsieh told the Director on May 9 that if elected, he would seek common interests between the U.S. and Taiwan, strengthen mutual trust, and work to maintain strong security cooperation with the U.S. Hsieh said he supported a more open economic-centered cross-strait policy and that he would work to negotiate a coalition arrangement with non-DPP legislators so that the Legislative Yuan (LY) could function effectively. Hsieh analyzed the recent primary results and said he is considering selection of a running mate but does not want to make the decision quickly. That said, Hsieh discussed the strong points of former acting Kaohsiung Mayor Yeh Chu-lan and noted that President Chen would prefer Premier Su Tseng-chang to be the vice presidential candidate. Hsieh

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told the Director he would like to make a trip to the U.S. if possible, perhaps in June or July, before the presidential campaign begins in earnest. End Summary.

¶2. (C) The Director met with DPP candidate Frank Hsieh on May 9 to congratulate Hsieh on winning the party's May 6 primary and to discuss his presidential campaign. Hsieh said he was maximizing his exposure in the media during the current honeymoon period, which he expected to last just four days. Although confident he would win the overall primary contest with Premier Su Tseng-chang and two other hopefuls, Hsieh was surprised by the 16,000 vote margin of his victory in the party member vote. Although President Chen had personally assured him twice that he was taking a neutral position in the primary contest, several people had told Hsieh that Chen had in fact quietly asked them to support Su.

¶3. (C) Hsieh attributed Su's defeat to a combination of factors. Su's top-down approach of working through county magistrates and city mayors had been less effective than Hsieh's bottom-up grassroots campaigning. Su's reliance on the New Tide faction hurt him because of the anti-New Tide movement within the party. Su fell especially short in Taipei County, where he had hoped to capitalize on his popularity from the time he was county magistrate. Hsieh

said he had expected to lose Taipei County by 6,000 votes but ended up in a virtual dead heat. Su had made a strategic mistake, Hsieh explained. Su's supporters running against other DPP candidates in legislative districts in Taipei County had led these other DPP candidates to line up behind Hsieh. Finally, Su had made another mistake at the very end by portraying the election as a confrontation with Hsieh alone, because this had led supporters of the two weaker candidates to jump ship and vote for Hsieh.

¶4. (C) Hsieh told the Director that President Chen had urged him to quickly choose a running mate to balance the political forces within the party, and may have wanted him to choose Su. Hsieh said he had told Chen that he did not want to make a quick decision. The most important factor in choosing a vice presidential candidate, Hsieh explained to the Director, is to have a running mate that will help win the election. Hsieh noted that KMT Chairman Wu Poh-hsiung is a Hakka, adding that the DPP will have trouble winning Hakka votes if Taiwanese hold all of the top DPP positions. Some people had suggested that former acting Kaohsiung Mayor Yeh Chu-lan, a Hakka from Miaoli County, would make a good running mate. Hsieh pointed out that Su might not add much to his campaign since their political backgrounds were both centered in southern and northern Taiwan. The critical battleground in the presidential election will be central Taiwan, since DPP strength in the south and KMT strength in the north will cancel each other out. Su, however, is unpopular in central Taiwan because of his previous strong opposition to combining and raising the status of Taichung City and County.

¶5. (C) KMT candidate Ma Ying-jeou has a good image, is highly educated, and appeals to women voters, Hsieh noted. Ma's weak point is poor crisis management. The indecisive Ma even manages to turn non-crises into crises. That said, the negative effects of Ma's special mayoral allowance case have

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already played out, Hsieh suggested. Although a cooperative Wang Jin-pyng would be an addition to Ma's ticket, Hsieh did not think Ma actually wants Wang as his running mate. Ma looks down on Wang and would prefer someone who is more highly educated and polished. According to his recent internal polling, Hsieh noted, he would beat Ma with Su as his running mate but would lose to Ma either on his own or with Yeh Chu-lan as vice presidential candidate. But he noted that polls could fluctuate over time.

¶6. (C) On another election issue, Hsieh confirmed that the DPP would like to combine the presidential and legislative elections on a single date. The KMT also prefers holding the two elections together because they believe Ma's coattails will help their LY candidates.

¶7. (C) Because the DPP will not be able to win an outright majority in the upcoming LY elections, Hsieh said, one of the important planks in his platform is to create a coalition with non-party and other non-DPP LY members to achieve a majority so that the LY can function effectively. Hsieh emphasized that he would try to accomplish this within two months of becoming president. Taiwan needs political stability and effective government, especially in the LY, to be competitive internationally.

¶8. (C) Hsieh observed that national security concerns currently play too big a role in cross-Strait policy. He would give greater emphasis to the economic viewpoint, Hsieh said. Taiwan needs to be freer and more open. Businesses will not identify with the government or follow laws that are too restrictive, a dangerous situation. Hsieh noted he had stuck to his position on the cross-Strait issue during the primary despite being attacked by the Deep Green, adding that his victory in the DPP primary showed that party members accepted his viewpoint. Hsieh said he would work gradually to let skeptics better understand his policies.

¶9. (C) The Director asked Hsieh about his relations with President Chen and whether he expected Chen in his final year to pursue controversial issues such as constitutional change to establish his legacy. Hsieh pointed out that policy differences with Chen had led him stepping down as premier in early 2006. Campaign programs are different than final goals, which need to be pursued gradually, Hsieh observed. Chen understands the importance of winning the 2008 election, because if the DPP loses, the KMT will want to reverse much of what the DPP has done and will also want to dig up dirt on the DPP from the account books left by the DPP. In addition, Hsieh pointed out, Chen cannot do anything major on issues such as constitutional change.

¶10. (C) Chen would like to hold a referendum on the popular issue of joining the UN under the name Taiwan, Hsieh suggested, but there is not enough time to collect the signatures needed to hold such a referendum. Hsieh said that he was not personally opposed to this since more than 70 percent of the public support this position. Entering the UN under the name Taiwan does not violate the "four noes," Hsieh asserted, adding that he believed this issue should not matter since Taiwan will be kept out of the UN regardless of whether it uses the name "Taiwan" or "Republic of China."

¶11. (C) The Director stressed the importance of maintaining cross-strait stability. He explained to Hsieh that the U.S. had not dictated the "four noes" to Chen Shui-bian in 2000. We had explained U.S. interests to Chen and he had come up with the "four noes." If Hsieh were elected, the Director said, we would continue to talk about our common interests, but we would not dictate to Taiwan. Hsieh responded that he would seek common interests between the U.S. and Taiwan, and would work to strengthen mutual trust. He would let the U.S. know what he would do, and he would not do those things he had said he would not do. Hsieh also said he would pay attention to working closely to ensure continued U.S. support for Taiwan's security.

¶12. (C) Hsieh told the Director he would like to make a trip to the U.S. and wondered whether he would be allowed to make

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such a visit after his nomination. The Director said the question would need to be talked over with Washington, but there was precedent for such a visit. Hsieh said he would prefer to make such a trip to the U.S. soon, perhaps in June or July, because once he had begun campaigning in earnest, there would be no way to take time off to travel abroad. Hsieh also hopes to visit Japan and perhaps Singapore and Europe if time permits.

Comment

¶13. (C) Hsieh comes across as sober-minded about the challenges he faces in beating the more popular Ma Ying-jeou, but he also strikes us as quietly confident in his own abilities as a politician and a competitor. His tone in discussing Chen Shui-bian is proper, but betrays no great affection for his long-time rival. While recognizing that he needs the DPP establishment to win next year, Hsieh suggests he will seek to distance himself from some of the party's more radical ideas, and will expect President Chen to give him some running space as he outlines his campaign strategy. We see Chen's willingness to restrain himself as a key test of Hsieh's ability to unite the DPP behind his candidacy in the coming months.

YOUNG